

June 2000



North Dakota

REV-E-NEWS

**From Rod Backman, Director
Office of Management and Budget
600 E. Blvd. Ave. , Dept 110 - Bismarck, ND 58505 -0400**

The national economy has begun a transition to substantially weaker growth. According to RFA, this transition has occurred as the economy has reached or gone beyond its capacity as is evident from the increasing tightness in the labor market and developing wage and price pressure. The tight labor market will likely induce employees to continue to demand greater wage increases, which will ultimately put pressure on businesses to raise prices more aggressively. The economy may have to slow to a rate below its potential for an extended period of time before inflation recedes.

The Office of Management and Budget and the Tax Department are now working on the preliminary revenue forecast for North Dakota. The Advisory Council on Revenue Forecasting will

meet in late June and we will finalize the revenue forecast in July.

May's revenue collections exceeded projections by \$10.9 million. If revenues come in as projected for the remainder of the biennium, we anticipate the ending balance at June 30, 2001, will be \$54 million.

Comments or Questions???

Call Rod Backman, Director
Pam Sharp, Deputy Director

Phone: 701-328-4904
Fax : 701-328-3230

E-mail : sfrankli@state.nd.us

Oil Activity

North Dakota has 11 rigs operating compared to three one year ago. The current price of oil is in the \$28 range.

Preliminary figures for April show oil production averaging 90,715 barrels per day.

GFOA Certificate of Achievement

The Certificate of Achievement for Excellence in Financial Reporting has again been awarded to the State of North Dakota by the Government Finance Officers Association of the United States and Canada (GFOA) for its comprehensive annual financial report (CAFR). The Certificate of Achieve-

ment is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. This is the ninth consecutive year the State of North Dakota has received this award.

STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
1999-01 BIENNIUM
MAY, 2000

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	Legislative Forecast	Actual	Variance	Percent	Legislative Forecast	Actual	Variance	Percent
Sales Tax	\$ 28,845,000.00	\$ 29,756,028.45	911,028.45	3.2%	\$ 280,737,500.00	\$ 277,513,701.01	(3,223,798.99)	-1.1%
Motor Vehicle Excise Tax	4,275,000.00	5,223,476.89	948,476.89	22.2%	47,586,400.00	49,901,847.80	2,315,447.80	4.9%
Individual Income Tax	16,166,000.00	19,781,087.75	3,615,087.75	22.4%	176,765,520.00	186,327,632.18	9,562,112.18	5.4%
Corporate Income Tax	2,523,000.00	1,450,181.67	(1,072,818.33)	-42.5%	43,684,000.00	38,256,070.33	(5,427,929.67)	-12.4%
Insurance Premium Tax	2,100,000.00	4,240,260.64	2,140,260.64	101.9%	15,260,000.00	18,465,595.84	3,205,595.84	21.0%
Financial Institutions Tax	50,000.00	112,619.00	62,619.00	125.2%	2,186,000.00	2,358,716.16	172,716.16	7.9%
Oil & Gas Production Tax	901,000.00	3,113,442.78	2,212,442.78	245.6%	9,869,000.00	18,600,889.71	8,731,889.71	88.5%
Gaming Tax	1,951,000.00	2,677,091.76	726,091.76	37.2%	11,598,000.00	12,665,255.78	1,067,255.78	9.2%
Interest Income	471,000.00	612,036.87	141,036.87	29.9%	4,885,000.00	5,923,344.12	1,038,344.12	21.3%
Oil Extraction Tax	547,000.00	1,613,507.48	1,066,507.48	195.0%	6,003,000.00	11,492,533.43	5,489,533.43	91.4%
Cigarette and Tobacco Tax	1,800,000.00	1,465,318.59	(334,681.41)	-18.6%	19,744,000.00	19,430,641.27	(313,358.73)	-1.6%
Departmental Collections	1,000,000.00	1,220,579.08	220,579.08	22.1%	18,860,000.00	19,519,503.76	659,503.76	3.5%
Wholesale Liquor Tax	411,452.00	455,938.27	44,486.27	10.8%	4,201,061.00	4,397,006.14	195,945.14	4.7%
Coal Severance Tax	925,000.00	836,810.78	(88,189.22)	-9.5%	10,428,000.00	10,305,032.53	(122,967.47)	-1.2%
Coal Conversion Tax	975,000.00	1,008,118.70	33,118.70	3.4%	11,240,000.00	11,395,346.21	155,346.21	1.4%
Mineral Leasing Fees	199,760.00	425,175.80	225,415.80	112.8%	2,318,800.00	3,286,900.81	968,100.81	41.8%
Bank of North Dakota - Transfer					15,000,000.00	15,000,000.00	0.00	0.0%
State Mill and Elevator - Transfer								
Gas Tax Admin. - Transfer					690,304.00	690,304.00	0.00	0.0%
Other Transfers		30,753.79	30,753.79	100.0%	1,700,000.00	1,889,400.23	189,400.23	11.1%
Total Revenues and Transfers	63,140,212.00	74,022,428.30	10,882,216.30	14.7%	682,756,585.00	707,419,721.31	24,663,136.31	3.6%

COMPARISON TO PREVIOUS BIENNIUM REVENUES
1999-01 BIENNIUM
MAY, 2000

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	May, 1998	May, 2000	Variance	Percent	1999	2001	Variance	Percent
Sales Tax	\$ 24,184,092.85	\$ 29,756,028.45	\$ 5,571,935.60	23.0%	\$ 249,461,218.19	\$ 277,513,701.01	\$ 28,052,482.82	11.2%
Motor Vehicle Excise Tax	3,849,116.24	5,223,476.89	1,374,360.65	35.7%	43,409,020.54	49,901,847.80	6,492,827.26	15.0%
Individual Income Tax	14,219,512.65	19,781,087.75	5,561,575.10	39.1%	168,202,534.10	186,327,632.18	18,125,098.08	10.8%
Corporate Income Tax	3,388,334.03	1,450,181.67	(1,938,152.36)	-57.2%	53,522,851.77	38,256,070.33	(15,266,781.44)	-28.5%
Insurance Premium Tax	1,931,141.49	4,240,260.64	2,309,119.15	119.6%	14,972,286.13	18,465,595.84	3,493,309.71	23.3%
Financial Institutions Tax	4,415.00	112,619.00	108,204.00	2450.8%	2,825,050.03	2,358,716.16	(466,333.87)	-16.5%
Oil & Gas Production Tax	460,529.28	3,113,442.78	2,652,913.50	576.1%	13,876,739.59	18,600,889.71	4,724,150.12	34.0%
Gaming Tax	1,950,768.73	2,677,091.76	726,323.03	37.2%	11,597,522.61	12,665,255.78	1,067,733.17	9.2%
Interest Income	442,485.27	612,036.87	169,551.60	38.3%	6,676,627.74	5,923,344.12	(753,283.62)	-11.3%
Oil Extraction Tax	34,217.02	1,613,507.48	1,579,290.46	4615.5%	8,414,620.05	11,492,533.43	3,077,913.38	36.6%
Cigarette and Tobacco Tax	2,006,487.81	1,465,318.59	(541,169.22)	-27.0%	20,797,630.69	19,430,641.27	(1,366,989.42)	-6.6%
Departmental Collections	1,380,890.47	1,220,579.08	(160,311.39)	-11.6%	15,786,087.76	19,519,503.76	3,733,416.00	23.7%
Wholesale Liquor Tax	451,859.58	455,938.27	4,078.69	0.9%	4,820,108.21	4,397,006.14	(423,102.07)	-8.8%
Coal Severance Tax	872,538.58	836,810.78	(35,727.80)	-4.1%	10,192,224.65	10,305,032.53	112,807.88	1.1%
Coal Conversion Tax	900,058.13	1,008,118.70	108,060.57	12.0%	10,866,332.20	11,395,346.21	529,014.01	4.9%
Mineral Leasing Fees	199,536.04	425,175.80	225,639.76	113.1%	4,540,919.16	3,286,900.81	(1,254,018.35)	-27.6%
Bank of North Dakota - Transfer	15,000,000.00				15,000,000.00	15,000,000.00	0.00	100.0%
State Mill and Elevator - Transfer								
Gas Tax Admin. - Transfer					564,436.00	690,304.00	125,868.00	22.3%
Other Transfers	2,852,085.05	30,753.79	(2,821,331.26)	-98.9%	17,765,391.45	1,889,400.23	(15,875,991.22)	-89.4%
TOTAL REVENUES AND TRANSFERS	\$ 74,128,068.22	\$ 74,022,428.30	\$ 14,894,360.08	20.1%	\$ 673,291,600.87	\$ 707,419,721.31	\$ 34,128,120.44	5.1%

Revenue Variances

Sales tax collections exceeded the monthly forecast by nearly \$1 million or 3.2 percent. This makes up only one-fourth of the previous month's shortfall. Biennium-to-date collections are now \$3.2 million or 1.1 percent behind projections. This is somewhat of a concern and bears watching closely.

Motor vehicle excise tax collections exceeded May's projections by nearly \$1 million or 22.2 percent which brings the biennium-to-date collections to \$2.3 million or 4.9 percent ahead of projections.

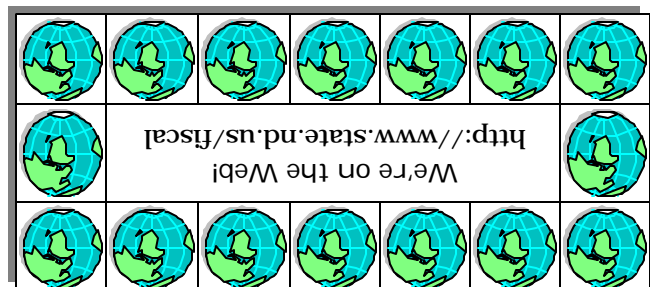
Individual income tax collections exceeded monthly projections by \$3.6 million or 22.4 percent. Biennium-to-date collections are \$9.6 million or 5.4 percent ahead of projections.

Corporate income tax collections fell behind projections by \$1.1 million or 42.5 percent. Because of the large refunds earlier in the year, corporate biennium-to-date collections are \$5.4 million or 12.4 percent behind projections. We expect this shortfall to gradually be recouped.

Insurance premium tax collections exceeded monthly projections by \$2.1 million or 101.9 percent. Indications are that this is due to timing and will likely even out next month. Biennium-to-date collections are \$3.2 million or 21.0 percent ahead of projections.

Oil and gas production tax collections exceeded projections by \$2.2 million while oil extraction collections exceeded projections by \$1.1 million. The combined collections for oil taxes now are \$14 million ahead of projections at this point in the biennium and will continue to grow due to strong oil prices.

Biennium-to-date collections for mineral leasing fees are nearly \$1 million or 41.8 percent ahead of projections. This is also primarily due to the strong price of oil.



ADDRESS SERVICE REQUESTED

Office of Management and Budget
600 East Blvd. Ave., Dept 110
Bismarck, ND 58505-0400